

# **MINUTES OF MEETING**

**RHODE ISLAND AIRPORT CORPORATION**

**BOARD OF DIRECTORS**

**WEDNESDAY, MARCH 18, 2015 AT 4:00 PM**

**IN THE MARY BRENNAN BOARD ROOM**

**T. F. GREEN AIRPORT**

**2000 POST ROAD, WARWICK, RHODE ISLAND**

**The meeting of the Rhode Island Airport Corporation (Corporation) Board of Directors was called to order by Chair, Jon Savage at 4:01 p.m., in the Mary Brennan Board Room at 2000 Post Road, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.**

**BOARD MEMBERS PRESENT: Jon Savage; Russell Hahn; Deborah Thomas; Michael Traficante; John Justo and Paul Carroll.**

**BOARD MEMBER ABSENT: Bradford Dimeo.**

**ALSO PRESENT: Kelly J. Fredericks, P.E., A.A.E., President and CEO; and those members listed on the attendance sheet attached hereto.**

## **1. Approval of the Minutes:**

**A motion was made by Mr. Traficante and seconded by Mr. Carroll to**

**approve the minutes of the Board of Director's Meeting of February 18, 2015.**

**The motion was passed unanimously.**

## **2. Open Forum:**

**Mr. Savage asked if anyone present wanted to speak in Open Forum. No one came forward.**

## **3. Report from President and CEO:**

**Mr. Fredericks presented the President and CEO Report and reported on the following:**

- Mr. Fredericks reported passenger travel was down 5.65% for the month of February and seating capacity was down approximately 6.7%. Year to date, passenger travel is down 1.91%. JetBlue was up 4.92% with no change in seating capacity. This represents the seventh consecutive month of positive growth for JetBlue. US Airways was down 13.36% on 14% less seating capacity; Delta was up 2.9% on 3% less seating capacity; United was down 13.25% on 14% less seating capacity; and Southwest was down 4.1% on 7% decreased capacity. Mr. Fredericks stated it is encouraging to note two carriers posted positive growth. An analysis on seat loss due to weather impacts is being done.**

- **Mr. Fredericks reported the market share for each airline is as follows: Southwest Airlines 47.08%, US Airways 24.01%, Delta Airlines 10.97%, JetBlue 9.53%, and United 7.76%, including charters, at .65%.**
- **Mr. Fredericks reported the Department of Transportation listed the top 100 airports in the US with the best fares and T. F. Green Airport came in at #76 (the higher the number better). T. F. Green statistically had the best airfares among the other New England Airport peers.**
- **Mr. Fredericks reported air cargo was up 4% for the month of February which was driven by a 2.82% increase in inbound cargo. Outbound cargo continued to grow being up 5.47% for the month.**
- **Mr. Fredericks reported parking revenue for the prior month was up 1.3% with ticket sales down 5.8%. Mr. Fredericks reported off airport parking was up 0.7% and ticket sales were down 15%. Mr. Fredericks stated RIAC's market share for all lots based on revenue is 83.6% and ticket sales are 86.6%. Mr. Fredericks stated RIAC will continue to monitor and manage its parking revenue and rework strategies.**
- **Mr. Fredericks commended Mr. Andrade and the T. F. Green Snow Removal Team on their efforts to maintain the airfield during this heavy snow season.**

- **Mr. Fredericks reported RIAC continues to communicate with Shannon Airport to explore cargo and passenger opportunities as well as implementation for a joint venture in operating a duty free shop at T. F. Green Airport. More information will be provided as it becomes available.**

- **Mr. Fredericks reported Mr. John Crow, Mayor of County Clare Ireland, Mr. Tom Coughlan, County Clare Manager, and Mr. Neil Pakey, CEO of Shannon Airport, were hosted by Chairman Joseph McNamara at the State House for a meet and greet with elected officials. Mayor Crow, Mr. Coughlan and Mr. Pakey were introduced on the House Chamber floor to a standing ovation before the start of session. Mr. Fredericks thanked Ms. Goldstein and staff for their efforts to plan this event.**

- **Mr. Fredericks provided an update on the general aviation airports. Total passengers were up 47.3% and operations were down 19%. Avgas fuel sales were down approximately 37%, jet fuel sales were up approximately 31% and total fuel sales were up 18%. Mr. Fredericks reported there is increased interest for development at the general aviation airports following the posting of the Airport Property and Leasing Opportunities on the T. F. Green website.**

- **Mr. Fredericks reported the next meeting of the General Aviation**

**Working Group is scheduled for April 16th. Mr. Fredericks noted it was suggested at the last meeting to research solar energy options. Mr. Porter has taken the lead on this project and has reached out to a number of entities including the Bridge and Turnpike Authority. Additional information is being gathered.**

- Mr. Fredericks reported the \$30 Million Glycol Project, one of four in the country, will be coming on line soon and showcases RIAC's continuing efforts to be good environmental steward. Mr. Fredericks also noted the Runway 34 Safety Project has a significant number of positive environmental improvements. It was also noted that the LED Terminal and Exterior Lighting Project is demonstrating cost savings has and a promotion of sustainability.**

- Mr. Fredericks reported a number of tours and high level meetings have been conducted including with: (1) Speaker Mattiello, Majority Leader and Warwick Representatives on March 5th to provide a RIAC overview and a presentation of the facilities and projects; (2) the Providence Chamber Transportation Committee for an airport update; (3) the Providence/Warwick Chamber Chairman of the Board Peter Adreskewicz and Chamber President Laurie White to discuss air service update initiatives on March 16th; (4) the Providence Journal Editorial Board on February 25th; (5) Department of Transportation Director Alviti and Deputy Director Guarino for an airport briefing and tour; and (6), Governor Raimondo's Deputy Chief of Staff Kevin Gallagher on April 23rd. Mr. Fredericks also attended the**

**Commodores Breakfast Meeting on March 17th for an overview of the WAVE Project and workforce development.**

- **Mr. Fredericks reported he and RIAC staff continue to meet with Warwick Mayor Scott Avedisian and Council Members and other elected officials on a regular basis to update them on airport issues and to learn of their constituent's concerns.**

- **Mr. Fredericks provide handouts to the Board Members from the American Association of Airport Executives (AAAE) and the Airports Council International (ACI) seeking support for federal reauthorization to adjust the Passenger Facility Charge (PFC) due to inflation. Mr. Fredericks reported the AAAE and the ACI have drafted a joint response letter for an increase in the PFC charges and have requested airport directors sign the letter in support of this increase. Mr. Fredericks noted the current PFC is \$4.50 per passenger and the revenue from these charges must be used as capital funds as required by the Federal Aviation Administration. Mr. Fredericks stated that he will be signing a letter on behalf of RIAC.**

- **Mr. Fredericks reported the Airport Expansion Project continues to remain on schedule and on budget. Mr. Fredericks reported a 60 day extension has been granted for the Glycol Project; Winslow Park will open on or around July 1st; and ground breaking of the Relocation of Main Avenue is scheduled for June.**

- **Mr. Fredericks reported RIAC staff continues to work with an on call architect on a number of items to improve and enhance aesthetics within the terminal.**
- **Mr. Fredericks reported volunteers of the PVD Pups dog therapy program will begin training the therapy dogs on-site. Mr. Fredericks stated the dogs will remain on leash in the terminal and provide another level of customer service for passengers awaiting flights. The volunteer handlers will also be taking customer service training to provide basic information to passenger questions.**
- **Mr. Fredericks announced that Ms. Michele Tucci, Manager of HMS Host, will be retiring and read the following Presidential Proclamation into the record:**

**WHEREAS, Michele Tucci began working at T. F. Green Airport in 1997, joining RIAC's Food and Beverage concessions operator, Anton Airfoods, as a server in the Federal Tavern; and**

**WHEREAS, after three short months, Michele Tucci was promoted to one of Anton Airfoods' managers for the airport-wide concessions; and**

**WHEREAS, one year later, Michele Tucci was promoted again to**

**General Manager of the Airport's TGI Fridays; and**

**WHEREAS, Host International (HMS) purchased Anton Airfoods in 2006 and Michele Tucci was asked to continue to manage TGI Fridays and during which time she set the record for the highest single day sales per square foot for HMS country-wide; and**

**WHEREAS, in 2009, in recognition of her performance, she was elevated to the position of Director of Operations at T. F. Green, overseeing all operations for HMS at the airport, a position she has maintained until her retirement; and**

**WHEREAS, over the course of her career Michele Tucci was presented with many corporate awards by HMS including: 2000 Presidents Award Winner; 2001 Manager of the Year; Highest Capture Location of the Year; Customer Service Location of the Year; and Highest Regard for Customer Service Location of the Year.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Rhode Island Airport Corporation Staff extends its gratitude and appreciation to Michele Tucci for her eighteen years of service at T. F. Green Airport, her dedication to customer service, and wishes her and her family good health and every happiness in the future.**

**Mr. Messier stated Ms. Tucci has been very helpful through every**



**emergency and snow event at the airport and in appreciation for all that she has done for the RIAC Police Department he would like to present to her flowers and a gift card.**

**Ms. Tucci thanked Mr. Fredericks and Mr. Messier and stated she would also like to thank everyone at the Rhode Island Airport Corporation for their professionalism, partnership and support. Ms. Tucci stated she wishes the airport great success.**

#### **4. Action Items:**

**(a) Consideration of and Action Upon Approval to Enter Into Purchase Orders for the Utility Work Associated with the Relocation of Main Avenue.**

**Mr. Fredericks provided an overview of the item and stated the two utilities are required to be relocated as part of the relocation of Main Avenue. The recommendation is that the Board authorizes the President and CEO, or his designee to execute Purchase Orders with National Grid in the amount of \$378,349 and Verizon in the amount of and \$690,909, which is included in the Fiscal Year 2015 Capital Improvement Program budget, for the required relocation of utilities on Main Avenue.**

**A motion was made by Mr. Traficante and seconded by Mr. Hahn to approve the following resolution:**

**WHEREAS, the relocation of Main Avenue is required for the expansion of Runway 5-23; and**

**WHEREAS, the Rhode Island Airport Corporation (RIAC) staff estimates that the total utility costs associated with the relocation of Main Avenue is \$2,469,789; and**

**WHEREAS, National Grid requires a purchase order in the amount of \$378,349 for the installation of temporary utility poles and the relocation of the existing overhead electrical lines for the relocated Main Avenue; and**

**WHEREAS, Verizon requires a Purchase Order in the amount of \$690,909 for the temporary relocation of the overhead data lines and the permanent work necessary to construct a new conduit system for the relocated Main Avenue; and**

**WHEREAS, RIAC will pay for these Purchase Orders out of the General Purpose Fund and seek reimbursement from the Federal Aviation Administration (FAA) through a grant application submitted by May 1, 2015 for these, and other costs, associated with the relocation of Main Avenue; and**

**WHEREAS, Purchase Orders for additional utility work will be requested at the May or June 2015 Board meeting.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board authorizes the President and CEO, or his designee to execute Purchase Orders with National Grid in the amount of \$378,349 and Verizon in the amount of and \$690,909, which is included in the Fiscal Year 2015 Capital Improvement Program budget, for the required relocation of utilities on Main Avenue.**

**The motion was passed unanimously.**

**(b) Consideration of and Action Upon Approval to Enter Into a Lease Agreement at Newport State Airport.**

**Mr. Fredericks gave an overview of this item noting Skydive Newport has been operating for over 15 years and will be expanding. The facility will be a stand-alone facility and will generate additional fuel sales and activity at Newport Airport. The facility is expected to be completed in the July/August timeframe. Mr. Savage stated it is terrific to see this type of expansion and development at the general aviation airports. The recommendation is that the Board authorizes the President and CEO, or his designee, to execute a Ground Lease Agreement with Skydive Newport, in substantially the form presented, for the construction of an operations building and associated aircraft**

**ramp area at the Newport State Airport for the purposes of establishing a stand-alone skydiving operations center**

**A motion was made by Mr. Traficante and seconded by Mr. Hahn to approve the following resolution:**

**WHEREAS, Skydive Newport has been a valued tenant of the Rhode Island Airport Corporation (RIAC) for approximately 15 years, and has been operating from within the facility at the Newport State Airport; and**

**WHEREAS, the operational nature and ongoing success of the business has prompted the proposed construction of Skydive Newport's own 36' x 56' metal-framed operations building; and**

**WHEREAS, Skydive Newport will also construct a 50' x 75' asphalt aircraft parking ramp to accommodate parking for three aircraft currently utilized in their operations; and**

**WHEREAS, Skydive Newport proposed a thirty year ground lease to RIAC with initial annual payments of \$7,164 that will escalate annually by the greater of three percent (3%), or the Consumer Price Index; and**

**WHEREAS, RIAC staff determined that the proposed rent constitutes fair market value; and**

**WHEREAS, the value of the new building and ramp improvements are expected to exceed \$300,000 and all improvements shall become the property of RIAC upon lease expiration.**

**NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:**

**That the Board authorizes the President and CEO, or his designee, to execute a Ground Lease Agreement with Skydive Newport, in substantially the form presented, for the construction of an operations building and associated aircraft ramp area at the Newport State Airport for the purposes of establishing a stand-alone skydiving operations center.**

**The motion was passed unanimously.**

## **5. Finance and Audit Committee Report.**

**Ms. Thomas reported the Finance and Audit Committee met prior to the Board Meeting and reviewed the half year results for Fiscal Year 2015. Ms. Thomas stated that revenues are slightly behind budget and there is a strong effort to manage expenses in line with revenues.**

**Ms. Thomas reported expenses are under budget resulting in a net operating income that is favorable to budget. Ms. Thomas stated that non-operating income, including contributed capital, is ahead of budget mainly due to timing of actual expenditures versus budgeted**

**expectations. Ms. Thomas noted snow removal costs will be higher than anticipated due to a heavy snow season and utility charges were higher than anticipated due to a rate increase.**

**A motion was made by Mr. Hahn to pursuant to Rhode Island General Laws Sections 42-46-5(a)(2) and (3) and 42-46-6(b) to amend the agenda to add to executive session items for information purposes only on a top of discussions related to one potential non-public litigation matter and discussions as it related to cyber security. Mr. Thomas seconded this motion. The motion passed unanimously.**

#### **6. Executive Session:**

**At approximately 4:58 p.m. a motion was made by Mr. Hahn and seconded by Mr. Carroll to go into Executive Session for the purpose of discussing the following items:**

**(a) Motion to Approve the Minutes of the Executive Session held on February 18, 2015 § 42-46-5(a),(2),(5) and (7); and**

**(b) Investment of Public Funds Where Premature Disclosure Would be Detrimental to the Public Interest (Air Service Development and Non-Aeronautical Revenue Strategies) – R.I.G.L. § 42-46-5(a)(7); and**

**(c) Discussions Related to Two Nonpublic Potential Litigation**

**(Insurance Claim) – R.I.G.L. § 42-46-5(a)(2); and**

**(d) Discussions Regarding Security (Cyber Security) – R.I.G.L. § 42-46-5(a)(3); and**

**(e) Motion to Return to Open Session**

**By the following roll call vote the motion was passed unanimously.**

**YEAS: Jon Savage**

**Russell Hahn**

**Deborah Thomas**

**Michael Traficante**

**John Justo**

**Paul Carroll**

**NAYS: None**

**ABSTAIN: None**

**Mr. Savage left the meeting at approximately 6:32 p.m.**

**At approximately 6:49 p.m., a motion was made by Mr. Traficante and seconded by Ms. Thomas to return to Open Session.**

**The motion passed unanimously.**

## **7. Post Executive Session Actions and Announcements:**

**(a) Motion to Seal the Minutes of the Executive Session Held on February 18, 2015.**

**A motion was made by Mr. Carroll to seal the minutes of the Executive Session in accordance with R.I.G.L. § 42-46-4 by the following roll call vote.**

**The motion was passed as follows:**

**YEAS: Russell Hahn**

**Deborah Thomas**

**Michael Traficante**

**John Justo**

**Paul Carrol**

**NAYS: None**

**ABSTAIN: None**

**(b) Report on Actions Taken in Executive Session.**

**During the Executive Session, a motion was made by Mr. Traficante to approve the sealed minutes of the Executive Sessions held on**



**February 18, 2015. Ms. Thomas seconded the motion. The motion was passed unanimously.**

**8. Future Meetings:**

**The next Board Meeting will be held on Wednesday, April 15, 2015 at 4:00 p.m., in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island.**

**9. Adjournment:**

**Ms. Thomas moved to adjourn at approximately 6:50 p.m. Mr. Traficante seconded the motion. The motion was passed unanimously.**

**Respectfully submitted,**

**Jon Savage, Chair  
Rhode Island Airport Corporation**

**PUBLIC ATTENDANCE SHEET  
RHODE ISLAND AIRPORT CORPORATION**

# **MEETING OF THE BOARD OF DIRECTORS**

**WEDNESDAY, MARCH 18, 2015**

<b>NAME</b>	<b>AFFILIATION</b>
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<b>Brian Schattle</b>	<b>RIAC</b>
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<b>Peter Frazier</b>	<b>RIAC</b>
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<b>Patricia Goldstein</b>	<b>RIAC</b>
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<b>Alan Andrade</b>	<b>RIAC</b>
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<b>Liberty Luciano</b>	<b>RIAC</b>
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<b>Sherri Ann Penta</b>	<b>RIAC</b>
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<b>Bruce Wilde</b>	<b>RIAC</b>
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<b>Leo Messier</b>	<b>RIAC</b>
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<b>Doug Dansereau</b>	<b>RIAC</b>
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<b>Dan Porter</b>	<b>RIAC</b>
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<b>Timothy Pimental</b>	<b>RIAC</b>
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**Nicole Williams    RIAC**

**Steve Cahill    RIAC**

**Dave Wilga    RIAC**

**Robert Geoff    New England Parking**

**Woody Creswell    The Paradies Shops**

**Paul Parker    Providence Journal**

**Jean Mongillo    Hoyle Tanner**

**Michele Tucci    HMS Host**

**Juan Gualdamez    HMS Host**

**John Dresser    HMS Host**

**Shelly Deming    Allied Court Reporters**



**The minutes of the Executive Session of the Board Meeting of March 18, 2015 have been sealed in accordance with R.I.G.L. § 42-46-4.**